



## Board Meeting June 28, 2024

The Northern Illinois Municipal Power Agency (NIMPA) held a Board Meeting on Thursday, June 28, 2024, at 10:30 AM, at the RMU Technology Center, 910 Technology Parkway in Rochelle, IL.

### 1. Call to Order and Roll Call:

President Holm called the meeting to order at 10:33am

#### Present at the meeting:

Gary Holm, City of Batavia  
Steve Allen, City of Batavia  
Rahat Bari, City of Batavia  
Jeff Fiegenschuh, City of Rochelle  
Jay Mulholland, City of Rochelle

#### Present via teleconference:

Richard Heinemann, General Counsel  
Aaron Holton, City of Geneva  
Rich Babica, City of Geneva  
Trevor Smith, Avant Energy  
Joe Fulliero, Avant Energy  
Noah Hansen, Avant Energy  
Dominick Lanzito, Van Buren Consulting  
Elizabeth Zrelak, Administrative Support

### 2. Approval of Regular Session NIMPA Meeting Minutes from May 16, 2024

MOTION: To approve the regular session NIMPA minutes from May 2024  
MAKER: Jeff Fiegenschuh  
SECOND: Aaron Holton  
AYES: 3 (Fiegenschuh, Holton, Holm)  
NAYS: 0  
The motion passed

### 3. NIMPA Succession Planning

Mr. Holm reviewed that he has been the President of NIMPA since 2015 and is planning his retirement in early 2025. Mr. Holm discussed potential new opportunities but shared his interest in still being a part of NIMPA by continuing to participate on the External Affairs Committee with any potential legislative issues and carbon capture discussions.

In early fall 2024, Mr. Holm will bring a resolution to the Batavia City Council to replace Batavia's representative to the NIMPA Board. Mr. Holm will recommend that Mr. Bari be charged with the role of Representative of Batavia with Mr. Allen as the alternate. At the October 2024 meeting, the NIMPA Board would need to take steps to elect a new president, a new Prairie State Board primary representative, and an alternate. After the October meeting, Mr. Holm will take on the role of a NIMPA attendee with no official role.

Mr. Holton indicated that replacing Mr. Holm is something that the board must get started on. He suggested that the board consider adopting a policy where the role of NIMPA President rotates every few years.

A discussion ensued around past NIMPA Presidents, and Mr. Holm shared a historic overview of the timeline of the role of president. Mr. Holm stated that at the current time, his hope is that all three communities would have the time to take on this new responsibility of president.

Mr. Heinemann briefly reviewed NIMPA bylaws. Years ago, the board decided to keep each position open for replacement on a yearly basis to encourage succession and circulation. Mr. Heinemann further stated there are no statutory requirements with respect to the terms and that all positions are open every year, and it is up to each community, each representative of each of the three communities, and the board to elect a new president.

Mr. Fiegenschuh agreed with Mr. Heinemann and stated the NIMPA bylaws should potentially be modified to implement a term limit for any office. Mr. Fiegenschuh would like to be more engaged with carbon capture discussions and will propose changes to the Rochelle City Council in early 2025 to hire a Deputy City Manager, which will allow him to focus on energy/utilities and legislative impacts on NIMPA issues.

Mr. Holm shared that Mr. Bari has participated on External Affairs Committee phone conferences for several years and would be a good candidate for his replacement.

Mr. Fiegenschuh requested that this discussion be kept on the agenda in the coming months for further discussion and planning purposes.

Mr. Holm indicated that the Batavia City Council has been informed and that the transition will occur this fall.

#### **4. Additional Avant Support to NIMPA**

Further discussion will take place at the July 2024 NIMPA Board Meeting.

#### **5. Van Buren Consulting Group, LLC**

Mr. Lanzito indicated that legislators have been receptive and responsive to the concerns of NIMPA and the challenges that municipally owned utilities encounter. Van Buren Consulting Group will be scheduling educational tours at the local distribution level for newer legislators who may have limited knowledge of municipal electric utilities. Mr. Lanzito will keep the three communities updated on timing. Mr. Lanzito will continue to monitor, report, and advise on any potential challenges to NIMPA. Mr. Holm agreed that the vast majority of elected officials are in Ameren or ComEd territory and may not have much knowledge of their local municipal utilities.

#### **Mr. Lanzito exits the meeting**

#### **6. Financial Report – Review of April Financials 2024:**

- a. Mr. Smith indicated that NIMPA's rate to members was \$5.77/MWh, lower than budgeted for April due to lower than budgeted purchase power and maintenance expenses, partially offset by higher than budgeted fuel expense. At the end of April, NIMPA had a \$15M credit facility with PNC Bank, a \$2.5M letter of credit with PJM, and \$12.5M of the credit facility remains unused. In May, NIMPA transferred \$200,000 cash collateral to PJM to cover additional FTR exposure, as FTR exposure is at its highest point of the year.

The ECA payable to members increased by \$217,000 in April due to a combination of a budgeted ECA increase of \$209,000, lower cost than budget of \$499,000, and the return of \$492,000 of ECA funds to member communities. At the end of April, the ECA balance was \$11.1M.

**b. Capital Adder Fund:**

NIMPA's Capital Adder Fund had a balance of approximately \$11M at the end of April. The fund balance represents more than four years of NIMPA's share of projected capital costs based on Prairie State's projected capital expenditures over the next five years.

**c. Cash Investment Report**

NIMPA has a total of \$83.7M of cash and investments of which \$45M is related to debt service reserves and debt service. NIMPA's operating account balance was \$15.5M at the end of April.

Mr. Holton questioned how the transfer of \$200,000 to PJM is accounted for in the NIMPA books.

Mr. Smith responded that the change comes from \$15.5M Operating Account Balance, reflected on the Statement of Net Position, Deferred Outflows and Other Assets.

MOTION: To approve the monthly financials from April 2024  
MAKER: Gary Holm  
SECOND: Jeff Fiegenschuh  
AYES: 3 (Holton Fiegenschuh, Holm)  
NAYS: 0  
The motion passed

**7. Management and Operations Reports for April 2024**

Mr. Hansen reviewed the April operations reports. For April results, NIMPA's share of Prairie State generated 74,700 MWh for the month for approximately \$1.6M in revenue in PJM. Prairie State also generated 250 MWh in MISO to cover station service for a revenue of approximately \$3,400. NIMPA actively ramped down in April based on real time LMPs. NIMPA ramped down 6,500 MWh, which led to an additional \$35,000 margin. Mr. Hansen shared that if the real time LMPs had not been negative, the plant was physically capable of generating more MWh. Prairie State Unit 1 and Unit 2 each had a forced outage during the month and several small, short duration derates for pulverizer issues in April. Overall, the plant had the equivalent of one unit offline for approximately three days. Overall capacity factor for the plant for the month of April based on actual generation was 86.4%. If the unit did not ramp down for the PJM dispatch signals, the overall capacity factor would have been 94%. The units had decent availability during the month.

In comparison to the budget, total generation for the month, including PJM and MISO, Prairie State was greater than or favorable to budget by approximately 5,000 MWh, or 7.2% greater than budget, on a volume basis. The plant was anticipated to be out five and one half days, and the budget included a three and one half day maintenance period, which the plant did not take, but it did have a forced outage of approximately the same duration. The plant was more available than the budget anticipated.

In April, NIMPA's ISO delivery costs to members were approximately \$1.4M.

NIMPA's FTRs had a loss of \$239,000 for the month of April. Prairie State prices were higher than member city delivery points on average, which resulted in the FTR daily cost for the delivery path of the MWh to the member cities. The average Prairie State price was approximately \$20.70 MWh on average, compared to \$15.85 MWh for the member deliveries, which resulted in the loss on the FTRs. Mr. Hansen indicated that this formula works as designed, which is offset by higher generation revenues.

ISO Miscellaneous Charges were \$48,000, associated with the pseudo-tied balancing costs.

RPM Auction revenues were \$110,000 for April.

Overall, PJM had an ISO cost of \$4,300 for the month of April, \$290,000 favorable compared to budget for the month of April, which had assumed a PJM ISO loss of \$285,000. This favorable variance is due to continued overall stronger Prairie State generation with volumes coming in greater than budget and lower energy costs, or lower LMPs, as compared to budget. Since delivery volumes to NIMPA members exceed the budgeted generation volumes, overall lower prices result in a benefit to NIMPA, as compared to budget, since it assumed to be net short on the PJM market side.

MISO congestion costs in April were a loss of \$59,000, which is approximately \$15,000 unfavorable compared to budget. The loss costs were at cost to NIMPA at \$59,000, which is \$64,000 favorable compared to budget.

ARRs – Revenue of \$74,000. ISO miscellaneous costs were \$17,000.

MISO - NIMPA had an overall cost for April of approximately \$58,000, which is approximately \$55,000 favorable to budget.

PJM and MISO – NIMPA had ISO costs for the month of April of just \$53,700, favorable to budget of approximately \$345,000 in total for the month of April primarily due to lower MISO loss costs relative to budget, strong Prairie State generation, and overall lower energy prices reducing the impact of member deliveries.

YTD: Mr. Hansen highlighted the first four months of numbers for 2024 YTD. NIMPA has an overall favorable variance to budget of approximately \$1.75M. NIMPA has 12,600 MWh greater than budget in generation volume on the PJM side and approximately 1,370 MWh greater on the MISO side. Total generation volume of approximately 14,000 MWh greater than budget, which is approximately 4.5% greater than the budget for the first four months of 2024, through April. According to Prairie State, the EFOR is approximately 5.2% through April 2024, compared to the budget assumption of 8.5%. NIMPA continues its stronger generation performance relative to budget for the first four months of 2024.

NIMPA has an overall unfavorable variance in generation resource revenues of \$2.6M, as LMPs were less than budget, given the mild winter conditions and lower natural gas and energy prices. Overall YTD prices at Prairie State are averaging \$26.42/MWh, compared to the budgeted amount of \$35.80/MWh. Due to the lower LMPs, delivery costs to members are favorable budget by \$4.4M through April, which is approximately \$12.58/MWh less than budget for delivered energy. Overall, FTRs have been unfavorable to budget by \$880,000 due to the basis between Prairie State and the member delivery nodes. Prairie State prices have been coming in slightly higher than the member

city pricing by approximately \$3.25/MWh, as compared to a budgeted basis of \$0.6/MWh. Higher generation revenues, lower member delivery costs, result in higher FTR costs.

Overall, PJM ISO activities have had an overall favorable variance to budget of \$781,000 on the PJM side, attributable to strong Prairie State generation and overall lower LMPs.

MISO congestion costs are coming in under budget by approximately \$840,000 through the first four months of 2024, and loss costs are coming in under budget and have a favorable variance of \$140,000. ARR's are in line with budget. Overall, MISO activities have a favorable variance for NIMPA of \$1M resulting in a total favorable variance for NIMPA of approximately \$1.8M YTD for the first four months of 2024.

#### **8. NIMPA ISO Risk Management Policy – 2024 Update**

Mr. Holm indicated that NIMPA has been fully compliant since April 2016 when NIMPA first adopted an ISO Risk Management Policy, which was subsequently sent and approved by MISO and PJM. Earlier in 2024, the three municipalities and NIMPA were each informed separately that their respective policies needed to be updated.

Mr. Hansen indicated that PJM had modified its existing risk policy requirements earlier this year and is required to have up to date risk policies on file for its participating members.

NIMPA's Risk Policy was updated to include the new Anti Money Laundering (AML) and Know Your Customer (KYC) requirements and also provide additional context and support of PJM's Risk Policy Guide. Other changes included updates to NIMPA's current risk management processes and Backup Power Procurement Policy that was previously discussed with the board. Prior to submitting NIMPA's updated Risk Management Policy, this new policy needs to be reviewed and approved by the board to replace the previous policy in place.

Board members requested that Mr. Hansen highlight the changes on the new risk policy guide and submit redlines to the board for review at the Board Meeting in July 2024.

Mr. Hansen shared an overview of the updates and changes required to satisfy the new policy requirements, including:

- a. Anti-Money Laundering (AML), Know Your Customers or Counter Party (KYC)** processes, which are intended to help market participants in meeting PJM's Risk Policy Guide requirements.
- b. The Market Participant Description** was updated in an effort to provide additional information on the NIMPA organization and its structure.
- c. Oversight, Governance, and Compliance section:** Includes the annual review and certification of the PJM Risk Policy. Rather than this being performed by the entire board, this will be completed by the President of NIMPA, as part of the annual recertification and attestation. If any edits, updates, or changes to the policy, review and approval is required by the NIMPA Board of Directors.
- d. Review and Reporting** to clarify the actual risk exposures being evaluated, namely the ISO market risks.

Mr. Holton questioned the necessity of a quarterly review of the policy.

Mr. Hansen indicated that Avant's goal is to draft a policy that satisfies PJM without being overly burdensome, getting out of scope for NIMPA as an organization, or adding requirements beyond what required for the ISO participation. Avant will abide by the requirements on behalf of NIMPA and be prepared with quarterly reports.

**e. Training**

Mr. Hansen outlined the training in place for the Avant staff who are performing the market activities, and that clarifying language was added to include Avant employees are PJM Certified Generation Dispatchers. The training requires a test reviewing generation policies, processes, and procedures be taken every three years. While PJM only requires one point of contact for the pseudo-tied entities, Avant still holds its employees to the PJM dispatcher certification standard.

Mr. Holm questioned the pseudo-tie agreement and the requirement for a single point of contact at PJM.

Mr. Hansen responded that the single point of contact for the three pseudo-tied communities (NIMPA, AMP, and IMEA) is performed by ACES Power Marketing. The pseudo-tie agreement is between NIMPA and PJM and MISO. Each entity has a separate Declaration of Authority that transfers the single point of contact communication.

**f. Strategy**

A broad outline of the agency's general strategic objectives in the PJM Market were added to the policy. The markets NIMPA participates in are updates to the policy, including generation offers, bilaterals, and FTRs for the organization.

Avant is responsible for the generation offers, bilateral scheduling transactions, including delivery of MWhs to NIMPA's three members and pseudo-tie transactions with the ISOs, FTR transactions, and capacity market transactions of NIMPA.

**g. Risk Management Updates (Avant followed the PJM Risk Policy Guide)**

- i. Counterparty Credit Risk – Updated credit limit
- ii. NIMPA Liquidity Risk – Cash – No changes
- iii. NIMPA Liquidity Risk – Energy and FTR Market Transactions - No changes
- iv. NIMPA Energy Market Risk

**h. Back-Up Energy Purchasing Policy**

The policy uses permissive language ('should' and 'may') to provide the NIMPA Board discretion in decision making.

Mr. Trevor Smith, as NIMPA's Controller, will be responsible for implementing and enforcing these policies, conducting risk assessments, and ensuring the Avant team has the appropriate training in place and a process to report suspicious activities.

Mr. Heinemann directed Mr. Hansen to inform PJM that approval will occur at the July 2024 Board of Directors Meeting.

**9. General Counsel Update**

Mr. Heinemann indicated that he had no legal updates for open session.

**10. Executive Session**

MOTION: To move into Executive Session for the purpose of Discussion of contracts relating to the purchase, sale, or delivery of electricity from the Prairie State Project; Litigation related to the Prairie State Generating Company @ 11:32am  
MAKER: Gary Holm  
SECOND: Jeff Fiegenschuh  
ROLL CALL: AYES: 3 (Holton, Fiegenschuh, Holm)  
NAYS: 0  
The motion passed

**Return to Regular Session @ 12:43**

**11. Action Items from Executive Session:** None

**12. Old Business:** Reminder that Prairie State Campus Tour will occur on August 21 – 22, 2024.

**13. New Business:** None

**14. Comments:** None

**15. Motion to adjourn:**

MOTION: To adjourn the NIMPA May 2024 Board Meeting @ 12:44pm  
MAKER: Jeff Fiegenschuh  
SECOND: Aaron Holton  
VOICE VOTE: All in favor, motion carried

Respectfully submitted: Elizabeth Zrelak